

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04

RSC-01 PRS-01 SPC-03 SS-20 EB-11 FBO-01 TRSE-00 /097 R

DRAFTED BY EUR/CE: H WILGIS:BCM

APPROVED BY EUR - MR STABLER

OSD/ISA - MR SHIELDS

OSD/ISA - COL ACKERSON

OSD/OGC - MR FOREMAN

PM - J GRAHAM

L/PM - T BOREK

L/PM - J. MICHEL

EUR/CE: L HEICHLER

EUR/CE - S GEORGE

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O R 252251Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

INFO CINCUSAREUR

USAFE

C O N F I D E N T I A L STATE 059590

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJ: OFFSET: LAND TAXES AND LANDING FEES

1. DEPARTMENT URGENTLY REQUIRES CLARIFICATION OF FRG OFFER TO INCLUDE DM 20 MILLION (10 MILLION ANNUALLY) IN OFFSET AGREEMENT FOR PAYMENT OF CERTAIN LAND TAXES AND LANDING FEES.

2. ONLY BREAKDOWN OF FRG OFFER AVAILABLE TO US IS INFORMATION RECEIVED DURING INFORMAL MEETING OCTOBER 3 OF THE INFRASTRUCTURE AND LOCAL COST COMMITTEE (COLONEL ACKERSON AND HERMBERG FOR US AND RADM ROLF STEINHAUS OF FMOD AND
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ROCKE OF FINANCE MINISTRY FOR FRG.). AT THIS MEETING FRG

REPS SAID THAT FRG OFFER INCLUDED LANDING FEES FOR REFORGER AND RHEIN MAIN AND LAND TAXES OF APPROXIMATELY DM 1 MILLION ANNUALLY ON NON-APPROPRIATED FUND ACTIVITIES (PX'S, COMMISSARIES, OFFICER AND NCO CLUBS, MILITARY BANKING FACILITIES AND RECREATION FACILITIES). AS EMBASSY IS AWARE, AMOUNT OF LANDING FEES USG PAYS FOR USE OF RHEIN MAIN CURRENTLY UNDER DISCUSSION BETWEEN FRG AND USG. ALSO, USG MAINTAINS THAT WE ARE NOT LIABLE FOR LAND TAXES ON NON-APPROPRIATED FUND ACTIVITIES. IN ADDITION, THESE FEES AND TAXES DO NOT TOTAL DM 10 MILLION ANNUALLY, REGARDLESS OF WHETHER USG OR FRG FIGURES USED.

3. AT SAME MEETING FRG REPS SPECIFICALLY INDICATED THEIR INTENT IS TO EXCLUDE FROM FRG OFFSET OFFER PAYMENT OF LAND TAXES ON FAMILY HOUSING (USG PAYS APPROXIMATELY DM 10 MILLION ANNUALLY), BACHELOR QUARTERS NOT LOCATED ON MILITARY INSTALLATIONS (APPROXIMATELY DM ONE-HALF MILLION ANNUALLY) AND HEATING PLANTS AND GARAGES FOR FAMILY HOUSING (APPROXIMATELY DM 50,000 ANNUALLY). USG PAYS LAND TAXES ONLY ON FAMILY HOUSING. TAXES ON LATTER TWO TYPES OF FACILITIES ARE CURRENTLY IN DISPUTE AND USG HAS NOT PAID THEM.

4. USG IS NOT RPT NOT PREPARED TO ACCEPT FOR INCLUSION IN THE OFFSET AGREEMENT FRG PAYMENT OF ANY LAND TAXES OR LANDING FEES FOR WHICH USG IS NOT LIABLE. WHERE THESE TAXES AND FEES ARE IN DISPUTE, THE DISPUTE WILL BE RESOLVED BY SEPARATE DISCUSSIONS AND NOT RPT NOT BY INCLUSION OF PROVISION IN THE OFFSET AGREEMENT WHICH MIGHT IMPLY ADMISSION OF USG LIABILITY. NEVERTHELESS USG IS PREPARED TO ACCEPT FOR INCLUSION IN THE OFFSET AGREEMENT DM 20 MILLION FOR PAYMENT OF LAND TAXES AND LANDING FEES, AT LEVEL OF WHICH USG HAS ALREADY ASSUMED LIABILITY, LEAVING DETAILS OF THE ALLOCATION OF THIS MONEY AMONG SPECIFIC TAXES AND FEES TO FURTHER NEGOTIATIONS. FURTHER INFORMATION ON ACCEPTABILITY OF THIS APPROACH AND WHAT THE FRG OFFER DOES AND DOES NOT ENCOMPASS NEEDED ASAP SO THAT WE CAN DEVELOP PERTINENT LANGUAGE FOR THIS SECTION OF OFFSET AGREEMENT WHICH WILL BE ACCEPTABLE TO BOTH USG AND FRG AUTHORITIES.

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5. ANY INFORMATION THAT EMBASSY CAN OBTAIN FROM FRG ON THIS POINT WOULD BE HIGHLY APPRECIATED.

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